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## SENATE COMMITTEE ON GOVERNANCE AND FINANCE

Senator Mike McGuire, Chair  
2019 - 2020 Regular

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**Bill No:** SB 1307  
**Author:** Rubio  
**Version:** 2/21/20  
**Consultant:** Medrano

**Hearing Date:** 5/11/20  
**Tax Levy:** No  
**Fiscal:** No

### ***STREET LIGHTING SYSTEMS: CITY OF ROSEMEAD***

*Allows the Landscaping and Lighting District of the City of Rosemead to perform maintenance and make improvements under the Landscaping and Lighting Act of 1972.*

#### **Background**

**Assessments.** Not everyone benefits from all of the services or facilities that a local government provides. When a specific project or particular service benefits only a well-defined group of property owners, public policy generally attempts to assign the costs of services and facilities to those who receive the benefits. Articles XIII C and XIII D of the California Constitution allow for the imposition of “benefit assessments” for precisely this purpose. The amount of the assessment must be directly related to the amount of the benefit that the property receives. Benefit assessments can finance public projects like flood control, street improvement, streetlights, and public landscaping, among many others.

California statute authorizes local agencies to adopt a wide variety of assessments through the formation of assessment districts. An assessment district is not a separate government agency but rather a defined area containing the properties that benefit the most from certain public improvements. Within this defined area, the special assessments are apportioned and levied according to a benefit formula approved by the legislative body.

With the passage of Proposition 218 (1996), which added Article XIID to the California Constitution, assessments became more difficult to impose, including those levied by assessment districts because it required property owners to approve new assessments. In general, Proposition 218 curbed the use property related charges to pay for general governmental services.

**1919 Act.** The Street Lighting Act of 1919 (1919 Act) is a tool used by cities to finance streetlight improvements. When a city council finds it is in the public’s best interest to do so, it can order any street lighting system to be maintained along one or more of the streets in a city, or order electric current or another power source to be furnished for a street lighting system. The city council can then levy an assessment on properties proportional to the anticipated benefit of the improvement over a 12-month period. The city council can continue the assessment for subsequent 12-month periods to maintain the services provided. Funds from the 1919 Act can only be used for lighting maintenance and cannot be used for the installation of city owned public lighting facilities, including traffic signals or landscape maintenance.

**1972 Act.** The Landscaping and Lighting Act of 1972 (1972 Act) is a tool used by local agencies to pay for landscaping, lighting, and other improvements and services in public areas. Local agencies can issue bonds to finance improvements under the 1972 Act, which can finance a broad range of improvements including:

- Acquisition or construction of: landscaping; general lighting such as streetlights and traffic lights; recreational improvements such as parks; ornamental features such as statues and fountains; and any facilities attached or related to these types of improvements.
- Acquisition of land for parks and open spaces.
- Acquisition or construction of community centers, municipal auditoriums, halls, or other similar facilities.
- Acquisition of any existing asset that a district would otherwise be able to construct.
- Maintenance of any of the above.

The 1972 Act allows local agencies to fund some improvements and activities that the 1919 Act does not. In particular, installation of public lighting facilities is not an authorized use of assessment revenue under the 1919 Act.

**The City of Rosemead.** Rosemead receives 1919 Act revenue for the purpose of funding the operation and maintenance of its street lighting system under the authority of the Landscaping and Lighting District of Rosemead. The City can only use funds from the 1919 Act for lighting maintenance, not for other necessities it may have, such as the installation of city-owned public lighting facilities, including traffic signals, or for landscape maintenance, which would be allowed if the city collected these funds under the 1972 Act. The City reports a balance of over \$2 million collected under the 1919 Act that it could use for one-time improvements and installation of city owned public lighting facilities such as traffic signals or landscaping maintenance.

The author wants to expand the authority of the City of Rosemead's Landscaping and Lighting District of the City to allow it to perform maintenance under the Landscaping and Lighting Act of 1972 so it can maintain and make capital improvements on City streets, trees, and medians.

### **Proposed Law**

Senate Bill 1307 allows the Landscaping and Lighting District of the City of Rosemead to, in addition to funding maintenance and improvements under the 1919 Act, perform maintenance and make improvements pursuant to the 1972 Act.

### **State Revenue Impact**

No estimate.

### **Comments**

1. Purpose of the bill. According to the author, "The City of Rosemead has accumulated unspent ad valorem funds due to the limitations on the permissible uses from that revenue source, and at the same time has had to defer or reduce the maintenance of those improvements allowed under the Landscape and Lighting Act of 1972. This has created an imbalance in the

city, with unusable fund balance currently projected at over \$2 million. The issue is that funds from the Street Lighting Act of 1919 can only be used for lighting maintenance and cannot be used for the installation of city owned public lighting facilities including traffic signals or landscaping maintenance. This bill will allow these funds to be used for improved maintenance on city streets, street trees, and medians. This would greatly improve Rosemead, which is located in my district, by providing the city the ability to perform critical, much needed maintenance upgrades.”

2. Limitations under the 1919 Act. After the passage of Proposition 218 (1996), maintenance districts formed under the 1919 Act became a less beneficial tool for funding local infrastructure projects. Proposition 218 requires local agencies to gain property owner approval through a protest process if a new assessment is created or an existing one is increased. In addition, the 1919 Act does not allow as wide of a variety of uses for funds collected as the 1972 Act does. For instance, the 1919 Act does not allow a local agency to finance streetlight installation. As a result, local agencies have turned away from using the 1919 Act to levy benefit assessments. But some districts are left with unspent funds collected under the 1919 Act. SB 1307 authorizes Rosemead maintenance districts to take a wider variety of actions than currently allowed, potentially making better use of these funds. By authorizing Rosemead districts to use the powers under the 1972 Act, SB 1307 could lead to Rosemead using funds already collected for purposes not initially intended.

3. Related legislation. SB 1307 follows several other measures previously enacted by the Legislature. SB 324 (Rubio, 2019), which the Senate Governance and Finance Committee approved on a vote of 7-0, allowed the Landscaping and Lighting District for the City of Temple City to perform maintenance and make improvements authorized under the Landscaping and Lighting Act of 1972 in addition to its authority under the 1911 Improvement Act. SB 1323 (Hernandez, 2018), which the Senate Governance and Finance Committee approved on a vote of 6-0, allowed county lighting districts for the County of Los Angeles to also perform maintenance and make improvements under the 1972 Act in addition to its authority under the 1911 Improvement Act. SB 361 (Hernandez, 2017), which the Senate Governance and Finance Committee approved on a vote of 7-0, allowed the Landscaping and Lighting District of the City of La Puente to also perform maintenance and make improvements under the 1972 Act in addition to its authority under the 1911 Improvement Act. All of these bills were signed into law.

4. Special legislation. The California Constitution prohibits special legislation when a general law can apply (Article IV, §16). SB 1307 contains findings and declarations explaining the need for legislation that applies only to the city of Rosemead.

### **Support and Opposition** (5/7/20)

Support: The City of Rosemead (sponsor)

Opposition: Unknown

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